



Reconstructing Your Records

Records that you need to prove your loss may have been damaged or destroyed in a casualty. While it may not be easy, reconstructing your records may be essential for:

- Tax purposes

You may need to reconstruct your records to prove you have a casualty loss and the amount of the loss. To compute your casualty loss, you need to determine: 1) the decrease in value of the property as a result of the casualty and 2) the adjusted basis of the property (usually the cost of the property and improvements). You may deduct the smaller of these two amounts, minus insurance or other reimbursement. See Publication 547 for further information on figuring your casualty loss deduction.

If you repair damage caused by the casualty, or spend money for cleaning up, keep the repair bills and any other records of what was done and how much it cost. You cannot deduct these costs, but you can use them as a measure of the decrease in fair market value caused by the casualty if the repairs are actually made, are not excessive, are necessary to bring the property back to its condition before the casualty, take care of the damage only, and do not cause the property to be worth more than before the casualty.

- Insurance reimbursement
- Federal Emergency Management Agency (FEMA) and Small Business Administration aid

The more accurately you estimate your loss, the more loan and grant money there may be available to you.

The following tips may help to reconstruct your records to prove loss of personal-use or business property:

Personal Residence/Real Property

- Be sure to take photographs as quickly as possible after the casualty to establish the extent of the damage.
- Contact the title company, escrow company, or bank that handled the purchase to obtain copies of escrow papers. Your real estate broker may also be able to help.
- Use the current property tax statement for land vs. building ratios, if available; if not available, get copies from the county assessor's office.

- Check with appraisal companies to locate a library of old multiple listing books. These can be used for “comps” to establish a basis or fair market value. “Comps” are comparable sales within the same neighborhood.
- Check with your mortgage company for copies of any appraisals or other information they may have about cost or fair market value.
- **Tax records:** Immediately after the casualty, file Form 4506, Request for Copy of Tax Return, to request copies of the previous four years of income tax returns. To obtain copies of the previous four years of transcripts you may file a Form 4506-T, Request for Transcripts of a Tax Return. Write the appropriate disaster designation, such as “HURRICANE KATRINA”, in red letters across the top of the forms to expedite processing and to waive the normal user fee.
 - [Form 4506, Request for Copy of Tax Return](#)
 - [Form 4506-T, Request for Transcripts of a Tax Return](#)
- **Insurance Policy:** Most policies list the value of the building to establish a base figure for replacement value insurance.
 - If you are unsure how to reach your insurance company, check with your state insurance department. http://www.naic.org/state_web_map.htm
- **Improvements:** Call the contractor(s) to see if records are available. If possible get statements from the contractors verifying their work and cost.
 - Get written accounts from friends and relatives who saw your house before and after any improvements. See if any of them have photos taken at get-togethers.
 - If a home improvement loan was obtained, obtain paperwork from the institution issuing the loan. The amount of the loan may help establish the cost of the improvements.
- **Inherited Property:** Check court records for probate values. If a trust or estate existed, contact the attorney who handled the estate or trust.
- **No other records are available:** Check at the county assessor’s office for old records about the property. Look for assessed value and ask for the percentage of assessment to value at the time of purchase. This is a rough guess, but better than no records at all.

Vehicles

- Kelley’s Blue Book, NADA and Edmunds are available on-line and at most libraries. They are good sources for the current fair market value of most vehicles on the road.

- Call the dealer and ask for a copy of the contract. If not available, give the dealer all the facts and details and ask for a comparable price figure.
- Use newspaper ads for the period in which the vehicle was purchased to determine cost basis. Use ads for the period when it was destroyed for fair market value. Be sure to keep copies of the ads.
- If you're still making payments, check with your lien holder.

Personal Property

The number and types of personal property may make it difficult to reconstruct records. One of the best methods is to draw pictures of each room. Draw a floor plan showing where each piece of furniture was placed. Then show pictures of the room looking toward any shelves or tables. These do not have to be professionally drawn — just functional. Take time to draw shelves with memorabilia on them. Do the same with kitchens and bedrooms. Reconstruct what was there, especially furniture that would have held items — drawers, dressers, shelves. Be sure to include garages, attics, and basements.

- Get old catalogs. These catalogs are a great way to establish cost basis and fair market value.
- Check the prices on similar items in your local thrift stores to establish fair market value. Walk through the stores and look at comparable items, especially items such as kitchen gadgets. Look for odds and ends you may have had but forgotten because of infrequent use.
- Use your local “advertiser” as a source for fair market value. Keep copies of the issues handy and copy pages used for specific items to put with your tax records file on the disaster.
- Check local newspaper want ads for similar items. Again keep a copy of any you use for comparison with the tax file.
- If you bought items using a credit card, check with your credit card company.
- Check with your local library for back issues of newspapers. Most libraries keep old issues on microfilm. The sale sections of these back issues may help establish original costs on items such as appliances.
- Go to a used bookstore with a tape measure and the diagram of the destroyed property. Measure several rows of used books and count the number of books per shelf. Add up the prices of those books and determine an average cost per shelf. Then count the number of shelves you had in your home and multiply by

the average cost per shelf. This will help determine the value of your books before the loss.

Business Records

- **Inventories:** Get copies of invoices from suppliers. Whenever possible, the invoices should date back at least one calendar year.
- **Income:** Get copies of bank statements. The deposits should closely reflect what the sales were for any given time period.
 - Obtain copies of last year's federal, state and local tax returns including sales tax reports, payroll tax returns and business licenses (from city or county). These will reflect gross sales for a given time period.
- **Furniture & fixtures:** Sketch an outline of the inside and outside of the business location. Then start to fill in the details of the sketches. (Inside the building, what equipment was where; if a store, where were the products/inventory located. Outside the building, shrubs, parking, signs, awnings, etc.)
 - If you purchased an existing business, go back to the broker for a copy of the purchase agreement. This should detail what was acquired.
 - If the building was constructed for you, contact the contractor for building plans, or the county/city planning commissions for copies of any plans.

For assistance and additional information:

- IRS Disaster Assistance Hotline — 1-866-562-5227 (Monday-Friday from 7 a.m. to 10 p.m. local time)
- IRS Publication 2194, Disaster Losses Kit for Individuals
- IRS Publication 2194B, Disaster Losses Kit for Businesses
- IRS Publication 584, Casualty, Disaster, and Theft Loss Workbook — can help you make a list of your stolen or damaged personal-use property and figure your loss. It has a room-by-room listing to help you re-create an inventory and figure the loss on your home and its contents, and your motor vehicles.
- IRS Publication 584B, Business Casualty, Disaster, and Theft Loss Workbook, is available to help businesses list stolen or damaged business or income-producing property and to figure your loss.
- Contact your tax professional.